

Table 4. Impact of the BCA's Automatic Spending Reduction Procedures on Health Reform Spending

Based on CBO's May 2013 Baseline

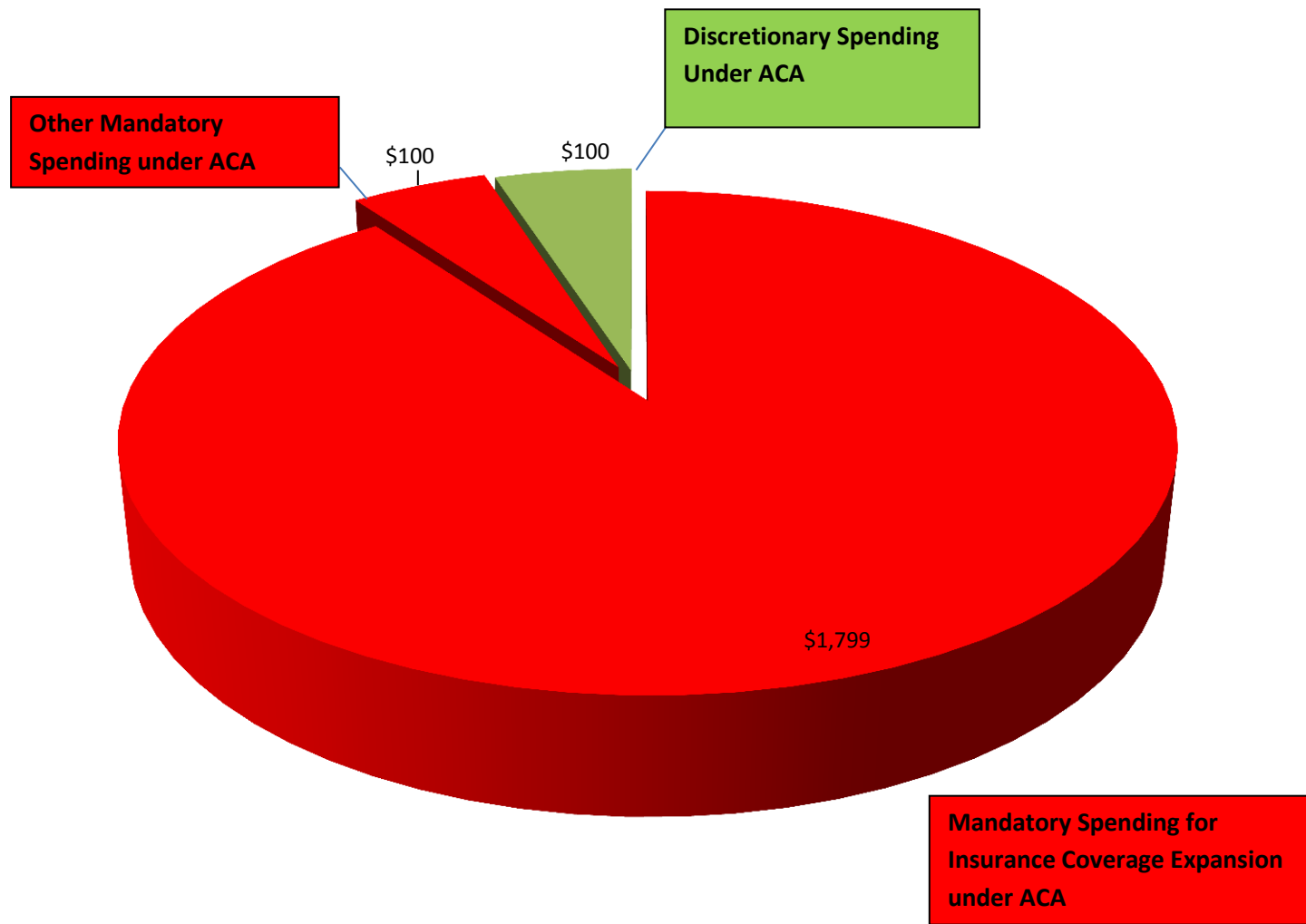
Type of Spending	Estimated Cost FY2014-FY2023 (\$ billions)	Impact of Spending Reductions
Insurance Coverage Expansion		
Medicaid/CHIP	\$710	Medicaid and CHIP are both exempt from sequestration. ^a
Exchange subsidies and related spending	\$1,075	
Premium tax credit (non-add)	\$920	Refundable tax credits available to individuals and families with incomes between 100% and 400% of the federal poverty level to offset the cost of purchasing insurance coverage through the exchanges appear to be exempt from sequestration. ^b
Cost-sharing subsidy (non-add)	\$149	Cost-sharing subsidies available to certain individuals and families receiving the premium tax credit appear to be fully sequestrable.
Small employer tax credit	\$14	Tax credits available to certain small businesses and small tax-exempt organizations to offset the cost of covering their employees appear to be fully sequestrable. ^c
Other Mandatory Spending	>\$100 ^d	Mandatory appropriations in ACA are, in general, fully sequestrable. However, for any given fiscal year in which sequestration is ordered, only new budget authority for that year (including advance appropriations that first become available for obligation in that year) is reduced. Unobligated balances carried over from previous fiscal years are exempt from sequestration. ^e Sequestration of mandatory spending on health centers and the IHS is capped at 2%. Note that the total in column two includes \$40 billion in advance appropriations for CHIP (FY2014-FY2015), which is exempt from sequestration.
Discretionary Spending	≈\$100 ^f	ACA-related discretionary spending in FY2013 is, in general, fully sequestrable. Spending reductions in later years (i.e., FY2014-FY2021) will be achieved through a downward adjustment of the discretionary spending cap.

Source: Table prepared by the Congressional Research Service based on CBO and JCT's May 2013 baseline budget projections for the Affordable Care Act's insurance coverage provisions.

- a. Medicaid and CHIP are among the exempted low-income programs listed in BBEDCA §255(h).
- b. While the ACA premium tax credits are not specifically exempted from sequestration, BBEDCA §255(d) provides a general exemption for refundable individual tax credits.
- c. BBEDCA §255 does not include small employer tax credits among the list of programs and activities that are exempt from sequestration.
- d. Note that this estimate refers to the 10-year period FY2010-FY2019. It is not possible to determine the total amount appropriated by ACA because several appropriations are for unspecified amounts (i.e., such sums as may be necessary) or contingent upon a formula or revenues from industry fees. For more details on all of ACA's appropriations, see CRS Report R41301, *Appropriations and Fund Transfers in the Patient Protection and Affordable Care Act (ACA)*, by C. Stephen Redhead.
- e. An exemption for non-defense unobligated balances is provided in BBEDCA §255(e).
- f. This figure is CBO's estimate assuming that all ACA's discretionary spending provisions are fully funded by future appropriations acts. For more details, see CRS Report R41390, *Discretionary Spending in the Patient Protection and Affordable Care Act (ACA)*, coordinated by C. Stephen Redhead.

Affordable Care Act Spending Breakdown

*Estimated Cost FY2014-2023 (\$ billions)



*From CRS Report *Budget Control Act: Potential Impact of Sequestration on Health Reform Spending*